

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2018-____-W

IN RE:)
)
 Application of Carolina Water Service, Inc.)
 for Approval of a Wholesale Water Supply)
 Agreement with the City of Columbia for)
 the Stonegate Subdivision Portion of its)
 Authorized Service Area)

APPLICATION

Carolina Water Service, Inc. (“Applicant” or “CWS”), pursuant to S.C. Code Ann. § 58-5-210 (2015) and 10 S.C. Code Regs. 103-743 (2012), requests this Commission’s approval of a contract to purchase wholesale water supply from the City of Columbia (“City”) for the provision of water service to Applicant’s water customers in the Stonegate Subdivision portion of its authorized service area in Richland County. In support of this Application, Applicant would respectfully show as follows:

1. Applicant is a public utility currently authorized to operate water and wastewater systems under the jurisdiction of the Commission in sixteen (16) counties in South Carolina, including Richland County. Its corporate charter is presently on file with the Commission and an appropriate bond has been posted with same. A schedule of rates and charges for Applicant’s water service has previously been approved by Commission Order No. 2018-345(A), issued May 30, 2018, in Docket No. 2017-292-WS, the provisions of which are pending modification in Order No. 2018-802 (to be issued as described in the Commission’s directive issued December 5, 2018).

2. Applicant currently provides water service to 145 water customers comprising a population of approximately three hundred fifty (350) in the Stonegate subdivision, which is located in an unincorporated area of Richland County, using three (3) water wells and water treatment facilities which it owns and operates pursuant to authorization issued to it by the South Carolina Department of Health and Environmental Control (“DHEC”) as part of public water system (“PWS”) No. 4050014. Pursuant to Consent Order No. 18-005-DW, issued by DHEC on February 8, 2018, Applicant is required to disconnect its water production and treatment facilities in PWS No. 4050014, abandon the three wells, and connect its remaining facilities serving the Stonegate subdivision to the City’s PWS No. 4010001. A copy of this consent order was filed with the Commission in ND 2016-61-WS on February 13, 2018.

3. In order to obtain the connection required by DHEC, Applicant has negotiated with the City a proposed wholesale service agreement, which is submitted to the Commission (and the South Carolina Office of Regulatory Staff (“ORS”)) in form and attached hereto and incorporated herein by this reference as Application Exhibit “1” (“Agreement”). The Agreement provides for (a) a monthly water service (meter) rate of \$322.89 plus (b) a descending volumetric rate based upon monthly wholesale consumption by CWS as a customer which is “Out of City” and within the City’s “All others” customer category. *See* Application Ex. 1, Appendix A. As to the latter, the applicable volumetric charge is \$4.40 per 100 cubic feet for the first 9,700 cubic feet, \$4.16 per 100 cubic feet for the next 90,000 cubic feet, and \$3.90 per 100 cubic feet for consumption in excess of 100,000 cubic feet, per month. *Id.*¹

¹ Expressed in gallons, these volumetric charges would be \$4.40 for the first 72,561 gallons, \$4.16 for the next 673,247 gallons, and \$3.90 for water in excess of 748,052 gallons, per month. Applicant’s current average water production from its Stonegate subdivision wells is

4. The Agreement is expressly subject to approval by this Commission. *See* Application Ex. 1 at paragraph 14. The Agreement is also subject to approval by the Columbia City Council and Applicant expects the Columbia City Council to consider the Agreement consider it at its first meeting scheduled in January of 2019. Applicant will promptly apprise the Commission and ORS as to the Columbia City Council's action with respect to the Agreement and recognizes that a determination by the Commission with respect to the instant Application will not be made until such time as Applicant has documented favorable action by the Columbia City Council.

5. In addition to being necessary to comply with DHEC's environmental regulatory requirements, Applicant submits that the purchase of wholesale service from the City is the most appropriate means by which to address customer concerns regarding the aesthetic quality of the water currently being supplied to customers, including concerns voiced during the public hearings held in the Company's most recent rate adjustment proceeding.

6. Applicant further submits that approval of the Agreement will have no effect upon current customer service rates as they will not change as a result of such approval and the costs and expenses associated with a purchase of wholesale water from the City will only be recognized in rates if approved in the Company's next rate relief proceeding after notice and an opportunity to be heard. *Cf.* S.C. Code Ann. § 58-5-240(G)(2015) (allowing changes in rates or tariffs to be put in effect without hearing when they do not result in any rate increase to the public utility).

803,358 gallons per month. Accordingly, the average monthly consumption charge by the City to Applicant would be \$4,793.72 based upon consumption of 107,393 cubic feet per month at the City's stated rate.

7. In view of the foregoing, Applicant is informed and believes that the public convenience and necessity will be served by the approval of this Application and that no hearing thereupon is necessary.

WHEREFORE, having fully set forth its Application, CWS respectfully requests that the Commission (a) approve the Agreement; (b) waive hearing on the within matter or review same on an expedited basis if no opposition is asserted by ORS or intervention is filed, and (c) grant CWS such other and further relief as the Commission may deem just and proper.

Respectfully submitted,

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Columbia, South Carolina
This 27th day of December, 2018